



Friday 5th of August 2011

Australian Competition and Consumer Commission
Attention: Mr David Hatfield and Ms Anna Giannakos
Level 35, 360 Elizabeth Street
Melbourne VIC 3001

Dear David and Anna,
As per your letter dated July 12th please see my below comments in relation to the questions asked within your letter.

1. What is the anticipated impact of the Containerchain system on ECP's capacity?
 - a. Will there be any change in the number of drop offs / collections from the current system?
 - b. What impact is anticipated across the industry more broadly, including the number of trucks on road, queues, congestion?
 - c. Is it likely that transport operators will be required to double handle containers at their own depots due to the loss of flexibility in their dealings with ECP's? If not, Why not?

MCP is a business that relies solely on the receiving and dispatch of empty containers to and from our depot. Currently our gate movements are totally reliant on the transport operators as to when they decide to enter MCP. Everyday has a different outcome and we have no way of knowing what our gate moves will be. With the proposed notification system we are obtaining the ability to plan our resources around confirmed truck pick up and delivery. With this information, we believe that not only we will speed up the truck through times in our yard but also assist us to be ready for peak times. This will enable us to at the least maintain our current level of gate moves but in a far more efficient manner. Therefore we believe as the system is introduced to the industry we will be able to increase our productivity and in turn our gate moves will also increase.

As more trucks will be going through our depot and others on a daily basis this should mean that we will have fewer trucks outside in queues as they will be processed in a quicker fashion. With increased moves we then also enable parks to manage stock levels to avoid delays due to congestion.

We believe that improved through put due to quicker turn times within ECP's will mean CTO's will be able to pick up and deliver more containers which should mean less double handling at transport depots.

2. Several interested parties suggest the extended ECP operating hours would be a more cost effective solution for dealing with queues and congestion issues than the proposed implementation of the Containerchain system.
 - a. What is your view on this?
 - b. What other mechanisms of solutions have been considered / trialed? For example webcam, email alerts etc.
 - c. If relevant, what has been your experience in trialing other mechanisms / solutions?

MCP has offered a trial of extended park operating hours which was rejected. I can understand that and extra couple of hours per day might assist the transport operators at times but still believe that if there is a long queue at the ECP we will be in exactly the same position we are now. We have no proof that CTO's will change their operational rules to spread out the arrivals at MCP to assist with queue management should the operational hours be extended and more than likely we will still have periods of heavy congestion and other periods with minimal truck arrivals leaving our resources mismatched.

Without having the clear visibility of daily requirements we are left being reactive to truck queues. If CTO's were able to plan with us through Containerchain their movements into our yard for the day we would be better resourced to handle the trucks and proactively be able to plan our work force.

MCP has participated in the Containerchain alert messaging system designed to inform CTO's of any delays at our park and believe this was well received. However, At times when we posted alerts due to operational issues with servicing the truck queues it did not stop some CTO's from continuing to try and push access to our park even when it was causing long delays for themselves.

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We believe the alert messaging system gives a snap shot of what is happening at ECP's at any given time. This helps many CTO's as it gives updated information not only about ECP's performance at that time, but also provides updated additional information for items such as road works in the area, shipping line redelivery options, bulk run times at parks etc. The message alert system helps CTO's see what is happening at ECP's which can then provide them with the information to make better business decisions. A current example is a CTO turning up unannounced at an ECP and finding out then they have to be redirected as per a shipping line request. If all CTO's were able to see that an ECP was all ready running at full capacity, then they can choose to act in a way that will positively assist their business, as they will have the current and correct information.

3. The form G notification states that transport operators will be required to pre book space via the Containerchain website while Attachment A to the notification refers to the implementation of a time slotting service.

- a. Have you considered introducing a simple notification system?
- b. What would the difference in cost and effectiveness between a notification system and a time slot system in addressing current issues experienced by ECP's at the Port of Melbourne?

Essentially the notification or timeslot systems are the same concept, with different business rules being applied. The trucks will have a time window in which they will allocate the truck arrival. As long as we have the visibility of what is going to arrive at our depot and at what times, we can allocate our resources to service the truck more efficiently. MCP aims to start off as a notification system giving the most flexibility to CTO's as we move forward with this industry initiative. However, if the notification system is misused by CTO's, we will then look at more strict business rules to ensure that we not only manage our truck flow, but also conform to the chain of responsibility laws. Further more, We have to ensure that we are not contributing to driver fatigue and that we are taking all reasonable steps to follow the law. Regardless of the notification or time slot system the CTO's will have valuable information regarding the operational capacity and truck movements at any given period. With this information provided it will then rely on the CTO to make proactive decisions to ensure ECP operational capacities are not extended to the point where we are in breach of chain of responsibility laws. If all CTO's use the notification system responsibly then the full benefit of the implementation will be seen by all.

As evident from the information provided, the cost of setting up a notification or time slotting system is the same, due to the fact that they provide the same service with minor differences in the rules applied.

4. A number of submissions have suggested the transport operators do not currently have a commercial relationship with ECP's and that it would be more appropriate for Containerchain fees to be negotiated between ECP's and shipping lines.

- a. Would such a structure be feasible?
- b. Why have the arrangements been set up for transport operators to pay the Containerchain fees when generally it is the shipping lines that determine which ECP the transport operator will attend?

While it is up to shipping lines to determine what ECP's are to accept and release, it is the CTO that carries out that specific task, thus there must be an agreement between CTO's and ECP's. As evident in current and past cases, the issue still remains that trucks arrive and there is no visibility in terms of preparing for that move. This in turn leaves the ECP to react to the situation. The shipping line has no real input in regards to the time that the CTO arrives at the ECP.

The agreement between ECP and CTO is the way for ECP to have a confirmed notification of truck access directly from the CTO fleet operations. Therefore, responsibility lies with the CTO to honour the confirmed notification.

5. A number of submissions refer to the potential Memorandum of Understanding (MOU) between the VTA Inc, VCPA and Containerchain Pty Ltd. What is the status of any such MOU and does / will it have any impact on the conduct notified?

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MCP has been an active member at the majority of the Empty Container Park Working Group and industry meetings and supports the idea of an MOU agreement between the Victorian Container Park Association and the Victorian Transport Association. The VCPA last submitted a draft of the MOU to the VTA in May and work is still underway to reach a satisfactory agreement for all parties and the MOU be signed off.

We see this as additional commitment to industry stakeholders from ECP's, as it will detail how the Containerchain system will work for all parties, as well as provide the ability to supply statistical data at industry levels. This is to show how the system is improving efficiency and facilitating additional benefits to the supply chain.

6. How much will the implementation of the Containerchain system cost for an ECP?
- a. What additional obligations (if any) are placed on the ECP?
 - b. What effect will the Containerchain system have on an ECP's costs?
 - c. How much additional revenue will the ECP receive as a result of implementing the Containerchain system?

The cost of the Containerchain implementation needs to be divided into a couple of areas. MCP has a cost payable directly to Containerchain for access and use of the Containerchain system. This cost is payable per container notification completed at MCP. The cost of each completed notification is \$ [] which we will pay directly to Containerchain.

Based on total container movements for the last financial year, we had [] total movements, which would equate to [] in container notification fees payable to Containerchain, by MCP.

The other area to discuss is the internal costs on implementation. Please see below:

Staff training and additional duties performed in the daily operation of the Containerchain system per annum
Additional staff \$ per annum
Additional cost of IT infrastructure \$ per annum
Upgrade of depot computer hardware \$ []
Cost of GPRS data sim cards for hand held and forklift mounted devices \$ []
Additional handling equipment \$ []

From the total movements from the last financial year we anticipate additional revenue figures to be in the range. Any additional revenue above our costs as indicated above, will be used internally for further training and efficiency improvements.

The main obligation for MCP in the implementation is conform to chain of responsibility laws and eliminate the potential for driver fatigue in our depot. Our obligation is also to improve our internal efficiencies, to handle increased volumes and demand. We will have to ensure all staff are trained to monitor CTO notifications, plan stocks and keep detailed information available regarding all CTO's entering MCP.

Should you require any further information, please do not hesitate to contact me.

Kind regards

Sebastian Moreau
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